

Message Text

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PAGE 01 HELSIN 00202 01 OF 02 011137Z

21/11

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 8248

INFO AMEMBASSY STOCKHOLM

AMEMBASSY MOCOW

LIMITED OFFICIAL USE SECTION 1 OF 2 HELSINKI 202

C O R R E C T E D C O P Y FOR CLASSIFICATION

MOSCOW PLEASE HOLD FOR DEPUTY ASSISTANT SEC. WALDMANN

DEPARTMENT PLEASE PASS OTP, FCC, COAST GUARD MARAD
AND NASA

E.O. 11652: N/A

TAGS: ETEL, TSPA, XG, SW

SUBJECT: MARITIME SATELLITE SYSTEMS

1. MARITIME SATELLITE SYSTEM TEAM TALKS WITH SWedes
WERE HELD IN EXTREMELY FRIENDLY AND COOPERATIVE
ATMOSPHERE. SWEDISH DELEGATION OPENED UP WITH
STATEMENT OF GOS CONCERNS THAT INCLUDED,

A. SATELLITE SYSTEM MUST REFLECT OPERATIONAL/
USER REQUIREMENTS;

B. DESIRE FOR FURTHER ANALYSIS OF THE BASIC
TRAFFIC ASSUMPTIONS IN POE;

C. ANALYSIS OF COST BENEFITS FROM VIEW OF
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PAGE 02 HELSIN 00202 01 OF 02 011137Z

VARIOUS GOS INVESTMENT LEVELS;

D. QUALITATIVE ASSESSMENT FROM SWEDISH
VIEWPOINT OF SYSTEM'S OPERATIONAL, SAFETY AND SOCIAL
ASPECTS;

E. STUDY OF SYSTEM'S POSSIBLE IMPACT ON
SWEDISH INDUSTRY REGARDING DEVELOPMENT AND PRODUC-
TION OF EQUIPMENT, SPECIFICALLY SHIP TERMINALS;

F. ANALYSIS OF POE DRAFT CONVENTION TO MAKE
IT ACCEPTABLE IN RESPECT TO,

(1) PROCUREMENT POLICY;

(2) BASIS FOR INVESTMENT SHARES (FOR EXAMPLE
PROBLEM OF FLAGS OF CONVENIENCE);

(3) ORGANIZATION'S STRUCTURE; I.E., DISTRIBUTION
OF FUNCTIONS;

(4) NON-DISCRIMINATION.

2. IN RESPONSE TO US INTRODUCTORY STATEMENT GOS
REPLIED THAT IT HAD NO RESERVATIONS REGARDING US
ROLE IN POE. GOS SHARES US VIEW THAT SYSTEM MUST
BE EFFECTIVE, LOW-COST AND REPRESENT USER; GOS
SUPPORTS CAREFULLY FOLLOWING MARISAT/MAROTS
COOPERATION, BUT HAS FEELING THAT SUBJECT MUST BE
TREATED WITH EXTREME CAUTION AT LONDON CONFERENCE;
GOS FEELS THAT IT IS ESSENTIAL THAT INMARSAT BE A
GLOBAL SYSTEM, AND THAT US PARTICIPATION IS OF
GREAT IMPORTANCE. AT LUNCH SWEDISH DELEGATE
REMARKED THAT IN REGARD TO OTHER NATIONS' ATTITUDE
TOWARD US POE ROLE, MANY GOVERNMENTS FELT GOS
ITSELF WAS NOT PARTICULARLY COOPERATIVE IN THAT
FORUM. HE ALSO INDICATED THAT HIS GOVERNMENT HAS
RESERVATIONS REGARDING POE ECONOMIC STUDIES.

3. IN RESPONSE TO US PRESENTATION ON TWO-AGREEMENT
ARRANGEMENT GOS RESPONDED THAT IT POSES NO
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PAGE 03 HELSIN 00202 01 OF 02 011137Z

SERIOUS PROBLEM FOR THEM, AND THAT THEY WOULD BE
ABLE TO "LIVE WITH" SUCH AN ARRANGEMENT. USG
GUARANTEE OF FINANCIAL RESPONSIBILITY WAS NOT
NECESSARY, BUT WHEN SWEDES RAISED QUESTION WHETHER
US LEGISLATION MIGHT POSSIBLY AUTHORIZE SUCH US
FINANCIAL GUARANTEE, THEY WERE DISCOURAGED BY US
TEAM REPORT THAT PROSPECTS OF THAT WERE NOT AT ALL
LIKELY.

4. SWEDES DEVOTED CONSIDERABLE TIME TO QUESTION WHAT "LEASING" MEANT, WITH PARTICULAR CONCERN FOR WHETHER THE DRAFT CONVENTION, HOWEVER STRUCTURED, WOULD STILL BE MEANINGFUL IF SPACE SEGMENT WERE LEASED. THEY WERE ALSO CONCERNED ABOUT LIABILITY RESPONSIBILITIES OF ORGANIZATION UNDER LEASING OR OWNING ARRANGEMENT. THERE WAS CONSIDERABLE DISCUSSION ON THIS SUBJECT WITH AGREEMENT ON BOTH SIDES THAT LONDON CONFERENCE SHOULD GIVE CAREFUL AND DETAILED ATTENTION TO STATUS OF ORGANIZATION'S LIABILITY UNDER VARIOUS PERMUTATIONS OF OWNING OR LEASING, MANAGING, ETC.

5. SWEDES RAISED MATTER OF PROCUREMENT AND ASKED WHETHER US POSITION AS PRESENTED IN ALTERNATIVE B OF POE DRAFT PROCUREMENT ARTICLE WAS INFLEXIBLE. SWEDES SPECIFICALLY ASKED WHETHER US WOULD ACCEPT COMPROMISE POSITION ALONG LINES OF INTELSAT LANGUAGE. US RESPONDED THAT WE FELT STRONGLY ABOUT NEED TO KEEP SYSTEM'S COSTS AS LOW AS POSSIBLE, AND BELIEVED US LANGUAGE MOST ADEQUATELY INSURED THAT OBJECTIVE. NONETHELESS WE EXPECTED TO BE RESPONSIVE AND TO A DEGREE FLEXIBLE AT THE LONDON CONFERENCE AND WOULD BE WILLING TO DISCUSS FURTHER SWEDISH SUGGESTION. ONE SWEDISH DELEGATE, WHO ALSO REPRESENTS NORWEGIAN COUNTRIES ON INTELSAT BOARD OF GOVERNORS, DID MAKE SOME FORCEFUL REMARKS ABOUT ALLEGED OPEN INTELAT POLICY THAT HAS LED TO STEADY INCREASE IN COSTS IN SUCCESSIVE PURCHASES OF HUGHES AIRCRAFT SATELLITES.

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PAGE 01 HELSIN 00202 02 OF 02 010933Z

11

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CONFIDENTIAL SECTION 2 OF 2 HELSINKI 202

6. IN REGARD TO ACCESS BY SHIPS OF ALL NATIONS SWedes INDICATED NO DIFFERENCE WITH US POSITION, BUT WERE VERY MUCH INTERESTED IN QUESTION OF DIFFERENTIAL IN CHARGES TO SYSTEM MEMBERS AND NON-MEMBERS. THEY RECOGNIZE CHARGE DIFFERENTIAL ENCOURAGES NUMBER OF INVESTORS BUT COULD DISCOURAGE TOTAL NUMBER OF SHIP USERS, AND THEREFORE THAT QUESTION OF CHARGES IS COMPLEX ONE. FINNISH DELEGATE SUGGESTED THAT WHILE INITIALLY IT MAY BE SHOCKING CONCEPT, ORGANIZATION MIGHT CONSIDER HIGH USER CHARGES FOR MEMBERS AND NON-MEMBERS ALIKE, WITH ADVANTAGE COMING TO MEMBERS THROUGH RETURN ON INVESTMENT.

7. SWedes DIRECTED ATTENTION TO ARTICLE 10 IN US INTER-GOVERNMENTAL DRAFT AGREEMENT REGARDING BROAD POLICY RECOMMENDATIONS GRANTED TO ASSEMBLY, AND RAISED QUESTION AS TO WHO UNDER US DRAFT WOULD HAVE REAL POWER FOR ADOPTION OF BROAD POLICIES; WHETHER ASSEMBLY OR COUNCIL. THEY REMINDED US TEAM THAT THIS HAD BEEN MATTER OF SOME STATED CONCERN BY GOS IN POE MEETINGS; ESSENTIALLY IT BEING THE PREROGATIVE OF RESERVING TO SOVEREIGN STATES BROAD POLICY RESPONSIBILITIES. IN THIS CONFIDENTIAL

CONFIDENTIAL

PAGE 02 HELSIN 00202 02 OF 02 010933Z

REGARD US TEAM PROMISED TO BRING GOS VIEWS TO ATTENTION OF OUR INDUSTRY AND GOVERNMENT COLLEAGUES IN US.

8. IN REGARD TO POSSIBLE INTERIM ARRANGEMENTS FOLLOWING LONDON CONFERENCE SWedes AGREE THAT IT IS DESIRABLE THAT CONFERENCE BE GIVEN MANDATE TO ASSIGN TASKS FOR INTERIM PERIOD PRIOR TO SECOND CONFERENCE, AND THAT THIS COULD WELL INCLUDE STUDY OF MARISAT/MAROTS EXPERIENCE, ALTHOUGH HERE SWedes ONCE AGAIN REITERATED NEED FOR CAREFUL HANDLING OF INTRODUCTION OF THIS SUBJECT.

9. IN REGARD TO US PRESENTATION ON IMPORTANCE OF USER REPRESENTATION IN INMARSAT, ALTHOUGH IN ADVISORY CAPACITY, SWedes' INITIAL POSITION FOLLOWED THAT SUGGESTED BY NORWEGIANS; VIZ. NATIONAL REPRESENTATIVES ON COUNCIL WOULD REPRESENT VIEWS OF

NATIONAL USERS. HOWEVER, RESPONDING FURTHER TO US SUGGESTION THAT SOME MECHANISM BE ESTABLISHED TO INSURE ADVISORY INPUT OF INTERNATIONAL SHIPPING COMMUNITY GOS INDICATED THAT IT WOULD BE FLEXIBLE AT LONDON AND RESPONSIVE TO ALL REASONABLE SUGGESTIONS.

10. GOS INDICATED THAT WHILE ITS SHIP OWNERS HAVE DEFINITE INTEREST IN SATELLITE SYSTEM AND POSITIVELY RESPOND TO CONCEPT, GOS HAS UNDERTAKEN NO COMPREHENSIVE SURVEY THAT MEASURES OR IDENTIFIES EXTENT OF INTEREST. DELEGATION CHIEF MADE FLAT STATEMENT THAT GOS POLICY IS NOT REPEAT NOT TO SUBSIDIZE SHIP OWNERS, IMPLYING THAT THERE WAS NO INTENTION, FOR EXAMPLE, TO SUBSIDIZE COST OF SHIP TERMINALS. DELEGATION WAS NOT SO UNEQUIVOCAL, HOWEVER, IN WHAT GOS POSITION MIGHT BE IN REGARD TO HANDLING OF UTILIZATION CHARGES, POINTING OUT THEIR PARTICULAR CONCERN WITH MEETING SWEDISH CREW MEMBERS' DESIRE TO TALK FREQUENTLY BY TELEPHONE TO HOME. PRESSURE FOR INCREASED SERVICE IN THIS REGARD ALLEGEDLY IS INCREASING. SWEDISH TELECOMMUNICATION ADMINISTRATION INDICATED INTENTION TO LEASE AND NOT SELL SHIP TERMINALS.

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PAGE 03 HELSIN 00202 02 OF 02 010933Z

THERE APPEARED TO BE POSSIBILITY THAT LAND EARTH STATION MAY OFFER LOWER CHARGE TO CUSTOMER, AND MAKE UP DIFFERENTIAL ON RETURN FROM SYSTEM INVESTMENT.

11. GOS HAD NO SPECIFIC INFORMATION ON COUNTRIES THAT MIGHT ATTEND OTHER THAN EXPECTING THREE OR FOUR REPRESENTATIVES FROM SOCIALIST BLOC, AND SOME FROM LDCS. IT HAS NO INDICATIONS REGARDING ANY SPECIFIC POLITICAL ISSUES, BUT BELIEVES IN VIEW OF LDC PRESENCE SOME POLITICAL PROBLEMS CAN BE EXPECTED TO ARISE.

12. SWEDES SUPPORT IDEA OF SATELLITE SYSTEM BEING AVAILABLE FOR USE BY ALL SHIPS IN PORT AND TERRITORIAL WATERS; BUT REMINDED US TEAM THAT THEY WERE INITIATORS OF PROPOSAL AT MARITIME RADIO CONFERENCE ALONG SIMILAR LINES AND HAD NOT BEEN SUCCESSFUL.

13. GOS SUPPORTS INCORPORATION OF NAVIGATION AND SAFETY CAPABILITIES IN SATELLITE SYSTEM, BUT LOOK UPON SUCH CAPABILITIES AS A LONGER-TERM PROVISION. THEY DO STRESS THE UTMOST IMPORTANCE IN THE LONG RUN OF SYSTEM'S PROVIDING ALL FACILITIES INCLUDING NAVIGATION AND SAFETY SO THAT SATELLITE SYSTEM MAY REPLACE EQUIPMENT REQUIRED UNDER SOLAS CONVENTION.

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